

NSP 3 Action Plan – Draft

Background of NSP 3

Virginia has been awarded \$5 million for implementation of NSP3; this represents approximately 13 percent of the NSP 1 allocation. DHCD must submit an Action Plan for approval to HUD by March 1, 2011. This document represents the initial draft and is being sent to all NSP 1 grantees as well as organizations that have recently inquired about NSP3.

Comments will be accepted through December 21, 2010 either by email to chris.thompson@dhcd.virginia.gov or mail to:

Main Street Centre
Virginia Department of Housing and Community Development
600 East Main Street, Suite 300
Richmond, Virginia 23219

Following the initial comment period, input will be reviewed and a formal Action Plan will be released for public comment.

Targeting

DHCD intends to adhere to the intent of the program by targeting those areas designated by HUD as areas of greatest need. Under NSP1, DHCD allowed local partners to expand their initial focus areas from specific neighborhoods to Census tracts. This method of targeting provided the flexibility needed to keep pace with the fluid real estate markets and was a key reason for the ability to obligate the initial allocation. When targeting Census tracts for NSP1, DHCD required that designated areas have a *Needs* score of 18 or higher; the *Needs* score was established by HUD.

Given the success achieved with targeting under NSP1, coupled with the desire to focus funds to the most needful areas in the Commonwealth, DHCD will utilize a score of 18 for NSP3; this is consistent with the current practice under NSP1. Targeting will be done on a Census tract level; partners will not “draw” their own eligible areas, instead, only Census tracts with a qualifying score of 18 or higher will be eligible.

An initial review of the eligible Census tracts indicates those with a qualifying score of 18 or higher are located in nine incorporated areas of the state, as follows:

- City of Hampton
- City of Newport News
- City of Norfolk
- City of Petersburg
- City of Portsmouth
- City of Richmond
- City of Suffolk
- City of Franklin
- City of Martinsville

Please note that just because a locality has an eligible Census tract does not mean the entire area is eligible, only Census tracts with a score of 18 or higher can be served. Of the nine eligible areas of the state, eight are currently served through NSP1; the exception is the City of Martinsville.

Interested parties should visit the web-based NSP3 data site at: <http://www.huduser.org/portal/datasets/NSP.html> to view information on the proposed eligible Census tracts. This can be accessed under the *Data by State* option. Similar information can be found using the online mapping tool at: <http://www.huduser.org/NSP/NSP3.html>.

Method of Distribution

Given that relationships are already in place with most local partners, DHCD will use a rolling, performance-based distribution method. Once the Action Plan has been approved, DHCD will set a date by which requests for funds will be received. The requests will be modeled on the existing structure, where local partners submit a Reservation Packet for each targeted property acquisition. The Reservation Packet will contain information for the proposed property and amount of NSP funds requested for acquisition, rehabilitation, and all other associated delivery costs. Once the Reservation Packet is approved, funds in the amount of the request will be reserved for that partners' use.

Initially, not more than \$750,000 will be available for use within any eligible locality. This cap will help ensure that all interested partners have sufficient time to access funds and to guard against any one locality receiving a disproportionate benefit. DHCD will periodically assess performance and determine a point by which the cap may be lifted.

Eligible Grantees

Implementation of NSP1 has established a capable and knowledgeable network of local partners. While it is desirable to take advantage of the existing network for NSP3 implementation, there may be interest by other qualified providers. DHCD will allow additional partners to participate if they can demonstrate the capacity, track record, and ability to quickly initiate work in the program. DHCD expects any new partner will need customized training and therefore all will be required to participate in the NSP Boot Camp or some similar form of onsite technical assistance training. New partners will also be expected to notify existing partners of their intentions to work with the NSP; all parties will be expected to coordinate their activities to avoid conflict.

Policies

All existing NSP policies will remain in effect with the exception of administrative funds generated through Program Income. When Program Income is generated, up to 10 percent of those funds may be used for administrative purposes; this will be evenly split between DHCD and the local partner (five percent for each). Administrative funds from the initial NSP3 allocation will also be evenly split.

Action Plan and Public Input

An Action Plan must be submitted to HUD by March 1, 2011. Prior to submission, the plan must be available online for review for at least two weeks. Following the December 21, 2010 deadline, input will be reviewed and assessed and as necessary, the Action Plan will be revised. A final Action Plan will subsequently be posted for public comment.

Interested parties are strongly encouraged to visit the data noted in the *Targeting* section to better understand areas that will be eligible under the proposed plan. In addition to general comments you have, we are also seeking specific comments for the following questions:

- 1) Through the proposed format are there sufficient quantities of suitable properties to implement the program?
- 2) Is the level of targeting appropriate given the amount of funding available?
- 3) Are there any existing NSP1 policies that should be revised? If so, please be specific and provide detailed suggestions for modification.
- 4) Are you interested in participating in NSP3? If so,
 - a. What is the name of your organization?
 - b. Are you an NSP1 grantee?
 - c. In which area of the state are you proposing to work?

Thank you for your interest. Please remember to submit written comments by email or mail by December 21, 2010. If you have any questions or need help with the understanding the date, please get in touch by email or by call Chris Thompson at 804-371-7056.